

Message Text

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44

ACTION NEA-09

INFO OCT-01 AF-06 ARA-10 EUR-12 ISO-00 SSO-00 NSCE-00

USIE-00 INRE-00 CIAE-00 DODE-00 PM-03 H-02 INR-07

L-02 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 ERDA-07

AID-05 CEA-01 CIEP-02 COME-00 EB-07 FEAE-00 FPC-01

INT-05 OMB-01 SAM-01 OES-05 STR-04 TRSE-00 FRB-01

IO-10 AGR-10 XMB-04 OPIC-06 LAB-04 SIL-01 /152 W

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O R 051420Z MAR 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC IMMEDIATE 2018

INFO AMEMBASSY ABU DHABI

USINT BAGHDAD

AMEMBASSY DOHA

AMEMBASSY CARACAS

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

UNCLAS ALGIERS 0592

E.O. 11652: N/A

TAGS: ENRG, OPEC, AG

SUBJ: OPEC SUMMIT MEETING, ALGIERS

REF: ALGIERS 0586

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1. ALGERIAN DAILY, EL MOUDJAHID, REPORTS TODAY,

MARCH 5, 1975, THAT FOREIGN PRESS HAS DELIBERATELY MISSTATED BOUMEDIENE'S POSITION ON OIL PRICES. ARTICLE GOES ON TO QUOTE RELEVANT PORTION OF BOUMEDIENE'S STATEMENT AS BEING CLEAR TO EFFECT THAT OPEC WOULD CONSIDER OIL PRICE CUTS IF CONSUMER COUNTRIES MAKE A SIMILAR AND SIMULTANEOUS EFFORT IN RETURN. QUOTES FROM ALGERIAN ENGLISH TEXT OF BOUMEDIENE'S STATEMENT ON MAIN POINTS FOLLOWS.

2. SPECIFICALLY ON PRICES BOUMEDIENE SAID QUOTE:
AS A PART OF THE INTERNATIONAL COMMUNITY, WE MUST BE PREPARED TO EXAMINE THE MAJOR PROBLEMS POSED FOR OTHER COUNTRIES AND BE READY TO ASSUME OUR RESPONSIBILITIES: IF PRICES HAVE TO BE FROZEN, WE WILL FREEZE THEM, IF THEY MUST BE DECREASED WE WILL DECREASE THEM, PROVIDED, HOWEVER, THAT THE DEVELOPED COUNTRIES MAKE A SIMILAR AND SIMULTANEOUS EFFORT IN RETURN, FOR EVERYONE MUST CONTRIBUTE, IN ACCORDANCE WITH HIS MEANS AND RESPONSIBILITIES, TO THE REORGANIZATION OF THE WOLD ECONOMY AND THE ESTABLISHMENT OF THE STABILITY REQUIRED FOR DEVELOPMENT AND PROSPERITY. UNQUOTE.
LATER HE SAID QUOTE: ON PRICES, IT SHOULD BE RECALLED THAT THE PRICE WE FIXED A YEAR AGO--WELL BELOW THE LEVEL THAT WOULD RESULT FROM THE MERE ASSESSMENT OF THE POSSIBILITIES OF TURNING TO ENERGY SOURCES THAT COULD BE SUBSTITUTED FOR OUR OIL, HAS LOST AT LEAST A QUARTER OF ITS PURCHASING POWER IN RELATION TO THE BEGINNING OF LAST YEAR.

NONETHELESS, WE MIGHT TAKE INTO ACCOUNT THE PERIOD OF ADJUSTMENT WHICH IS NECESSARY FOR THE INDUSTRIALIZED COUNTRIES MOST EXPOSED TO THE EFFECTS OF THE ECONOMIC CRISIS, AND RENOUNCE ANY INCREASE OF THE PRESENT PRICE IN REAL TERMS FOR A PERIOD THAT MIGHT EXTEND TO THE END OF THE CURRENT DECADE. MOREOVER, AT THE BEGINNING OF THIS PERIOD, WE COULD MAKE INTERMEDIATE ARRANGEMENTS WHICH WOULD ALLOW CONSUMING COUNTRIES TO PROFIT BY ADDITIONAL FACILITIES CALCULATED TO FOSTER THEIR EFFORTS AT ECONOMIC RECOVER. SUCH CONCESSIONS, WHICH WOULD MEAN CONSIDERABLE UNCLASSIFIED

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SACRIFICES, COULD BE JUSTIFIED ONLY IF THE INDUSTRIALIZED COUNTRIES BOUND THEMSELVES TO SUBSCRIBE FULLY TO THE MEASURES REQUIRED OF THEM IN THE OVERALL PROPOSAL. THEY ALSO DEPEND ON THE REAL EFFICACY OF THE SYSTEMS TO BE SET UP TO GIVE DUE PROTECTION TO OUR EXPORT INCOMES AND TO OUR EXTERNAL ASSETS.
INTERNATIONLA CO-OPERATION IMPLIES THAT LL THE PARTIES COMMIT THEMSELVES EQUALLY. SHOULD THE DEVELOPED

COUNTRIES FAIL TO ACCEPT SUCH AN APPROACH, WE FOR OUR PART WOULD ONLY BE ABLE TO RESORT TO THE LINE OF CONDUCT AND TO THE DECISIONS WHICH WOULD ENABLE US TO PURSUE THE IMPLEMENTATION OF OUR POLICY OF CO-OPERATION AND SOLIDARITY WITH THE OTHER THIRD WOLD COUNTRIES. UNQUOTE

3. ON A CONSUMER/PRODUCER CONFERENCE BOUMEDIENE SAID QUOTE: AS FOR US, WE ARE READY TO GO INTO THESE PROBLEMS AT AN INTERNATIONAL CONFERENCE BETWEEN INDUSTRIALIZED AND DEVELOPING COUNTRIES. BUT IN ORDER TO PROMOTE EFFECTIVE, USEFUL AND POLITICALLY ACCEPTABLE DIALOGUE AND CONCERTATION, SUCH A CONFERENCE MUST NECESSARILY LOOK NOT INTO OIL MATTERS ALONE BUT ALSO INTO QUESTIONS OF CONCERN TO THE THIRD WORLD COUNTRIES, NAMELY, RAW MATERIALS AND DEVELOPMENT. IT MUST GIVE EQUAL PRIORITY TO THE MAJOR PROBLEMS FACING ALL PARTIES AND MUST IN PARTICULAR LEAD NOT ONLY TO AN EASING OF THE SITUATION OF THE INDUSTRIALIZED COUNTRIES AFFECTED BY THE CRISIS BUT ALSO TO ELIMINATION OF THE MOST URGENT DIFFICULTIES UNDER WHICH THE DEVELOPING COUNTRIES ARE ALBOURING AND TO SETTING UP MEANS THAT WILL ENABLE THESE COUNTRIES TO START THEIR DEVELOPMENT.

LASTLY, IT MUST BE REPRESENTATIVE, AND ITS PARTICIPANTS MUST MIRROR THE WHOLE INTERNATIONAL COMMUNITY, EVEN IF FOR REASONS OF EFFICIENCY AND CONVENIENCE IT HAS TO BE HELD IN A RESTRICTED FRAMEWORK. UNQUOTE.

4. IT IS INTERESTING TO NOTE THAT BOUMEDIENE AS DID ABDESSELAM IN EARLY FEBRUARY SPECIFICALLY UNCLASSIFIED

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MENTIONS NEGOTIATING BALANCE OF PAYMENT AGREEMENTS WITH EEC AND HE CALLS ON EUROPE TO ASSERT ITS OWN POLITICAL IDENTITY.

5. BOUMEDIENE USED THE FOLLOWING LANGUAGE TO DESCRIBE HIS FERTILIZER PROPOSAL. QUOTE: IMMEDIATE LAUNCHING, WITHIN THE EXPORTING COUNTRIES AS A WHOLE, OF A PROGRAMME FOR THE MANUFACTURE OF NITROGENOUS FERTILIZERS IN SOME TEN PRODUCTION UNITS WITH AN OUTPUT EQUIVALENT TO TWO THIRDS OF THE OIL EXPORTING COUNTRIES' (SIC SHOULD BE LDGS) TOTAL CURRENT IMPORTS OF NITROGENOUS FERTILIZERS; THIS WOULD ALL BE DELIVERED UNDER THE AUSPICES OF FAO TO THE DEVELOPING COUNTRIES MOST AFFECTED BY THE ECONOMIC CRISIS, IN STEP WITH THE NECESSITY OF DEVELOPING THEIR AGRICULTURAL POTENTIAL. THE SELLING PRICE OF THESE

FERTILIZERS SHOULD BE LIMITED TO THE COST OF PRODUCTION AND PROCESSING OF THE RAW MATERIALS ENTERING INTO THEIR MANUFACTURE; THE COSTS OF DELIVERY WOULD ALSO BE BORNE BY OUR COUNTRIES. UNQUOTE.

6. BOUMEDIENE DESCRIBED HIS OPEC FUND AS FOLLOWS
QUOTE: ALGERIA SUGGESTS THAT, WHILE WAITING FOR THE REFORM OF THE INTERNATIONAL FINANCIAL INSTITUTIONS TO ALLOW THEM TO ASSUME THEIR RESPONSIBILITIES, THE MEMBERS OF OPEC CREATE A FUND WITH A CAPITAL OF ABOUT 10 OR 15,000 MILLION DOLLARS. THE FUNDS RESOURCES WOULD BE FINANCED OUT OF CAPITAL CONTRIBUTIONS FROM MEMBERS OF OPEC AND FROM LOANS GRANTED BY THEM. ITS ROLE WOULD BE NOT ONLY TO MAKE THE MEMBER COUNTRIES' EXTERNAL ASSETS FRUCTIFY, BUT ALSO TO CHANNEL TRANSFERS FOR CO-OPERATIVE OPERATIONS, ON BEHALF OF THE OTHER DEVELOPING COUNTRIES AND DEVELOPED COUNTRIES, AS JUST DESCRIBED AND COVERED BY THE OVERALL PROPOSAL OF MEASURES IN FAVOUR OF DEVELOPMENT AND INTERNATIONAL CO-OPERATION, A PROPOSAL SUBMITTED BY ALGERIA TO THE CONFERENCE OF OPEC MEMBER COUNTRIES.

THE IDEAS CONCERNING THE FUND'S POSSIBLE MODES OF MANAGEMENT AND FUNCTIONING, AND THEIR TERMS AND CONDITIONS FOR HPN VAWFOUS FORMS OF INTERVENTION, FORM THE SUBJECT OF SUGGESTIONS EMBODIED IN THE ALGERIAN UNCLASSIFIED

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PROPOSALS. UNQUOTE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SUMMIT MEETINGS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 05 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ALGIER00592
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750077-0249
From: ALGIERS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750382/aaaacvui.tel
Line Count: 203
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 ALGIERS 0586
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAY 2003 by JonesKG>; APPROVED <25 FEB 2004 by CollinP0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPEC SUMMIT MEETING, ALGIERS
TAGS: ENRG, AG, OPEC, (BOUMEDIENE, HOUARI)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006